

Executive Summary

In October, 2000, PERAC published the first experience study of the SRS. That study looked at the experience over the five-year period from 1995-1999. Based on the results of that study, there were a number of changes made to the assumptions used to value the liabilities of the SRS.

In July, 2007, PERAC published the second experience study of the SRS and covered the six-year period from 2000-2005. Based on the results of that study, we made minor changes to most of the assumptions.

This study covers the six-year period from 2006-2011. Based on the results of this study, we are making minor changes to most assumptions and more significant changes to the salary increase and mortality assumptions.

These changes are detailed below.

Experience indicates that changes should be made to the following assumptions:

- Rates of retirement – most significant changes for Group 1 females; minor changes to other groups; small decrease in total plan cost
- Rates of disability for all active members at selected ages; negligible change in plan cost
- Rates of withdrawal for all active members; slight decrease in total plan cost
- Rates of salary increases for active members; decrease in total plan cost
- Rates of mortality for active and retired members; increase in total plan cost

Executive Summary (continued)

Nature and effect of changes:

- Revised changes are based on both actual past and anticipated future experience
- Overall, revised changes produce a total plan cost less than that under the prior assumptions, as shown below (dollars are in thousands):

<u>January 1, 2013 Valuation</u>	<u>Prior Assumptions</u>	<u>Revised Assumptions</u>
Employer Normal Cost	\$228,100	\$185,172
Unfunded Actuarial Liability	\$9,488,196	\$9,068,053
Funded Ratio	68.2%	69.1%

The figures above reflect the 8.0% investment return assumption adopted as part of the January 1, 2013 actuarial valuation. The investment return assumption is not part of this experience analysis.